

BOARD ACTION MEMORANDUM

TO: NCUA Board

DATE: June 16, 2010

FROM: Office of General Counsel

SUBJ: Final Rule Part 701

ACTION REQUESTED: Board approval of final rule to revise NCUA's community chartering policies and define the term "rural district." 12 C.F.R. Part 701.

DATE ACTION REQUESTED: June 17, 2010.

OTHER OFFICES CONSULTED: All Regional Offices and E&I.

VIEWS OF OFFICES CONSULTED: Concur.

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Yes.

BUDGET IMPACT, IF ANY: No.

RESPONSIBLE STAFF MEMBER: Michael J. McKenna, Deputy General Counsel, Office of General Counsel; John K. Ianno, Associate General Counsel, Office of General Counsel; Frank Kressman, Staff Attorney, Office of General Counsel; and Robert Leonard, Program Officer, Office of Examination and Insurance.

SUMMARY: Staff recommends the Board issue the attached final rule to amend NCUA's chartering and field of membership manual to update its community chartering policies. The final rule includes using objective and quantifiable criteria to determine the existence of a local community and defining the term "rural district." The final rule clarifies NCUA's marketing plan requirements for credit unions converting to or expanding their community charters and defines the term "in danger of insolvency" for emergency merger purposes.

RECOMMENDED ACTION: Recommend the Board issue the final rule.

ATTACHMENT: Final rule.